

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-081-C - ORDER NO. 96-646
SEPTEMBER 13, 1996

IN RE: Application of Total National Tele-) ORDER
communications, Inc. D/B/A Total World) APPROVING
Telecom for a Certificate of Public) CERTIFICATE
Convenience and Necessity to Provide)
Intrastate Resold Telecommunications)
Services within the State of)
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Total National Telecommunications, Inc. D/B/A Total World Telecom ("Total" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. Total's Application also requested "streamlined" or relaxed regulation treatment pursuant to the procedures described and set forth in Order Nos. 95-1734 and 96-55 issued in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1995) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Total to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the

Notice of Filing was to inform interested parties of Total's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Total complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the "Consumer Advocate").

A hearing was commenced on August 22, 1996, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. Total was represented by John F. Beach, Esquire; Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate; and Florence P. Belser, Staff Counsel, represented the Commission Staff.

Larry Ashworth, Vice President of Marketing of Total, appeared and offered testimony in support of Total's Application. Mr. Ashworth stated that Total is a Texas corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Ashworth, Total proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Mr. Ashworth explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Mr. Ashworth also explained that Total possesses the technical, financial and managerial abilities to provide its

services in South Carolina. Mr. Ashworth further testified that the Company would make certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

Mr. Ashworth also discussed certain regulatory problems which Total had encountered in other jurisdictions. Specifically, Mr. Ashworth discussed problems arising in California and North Carolina and with the Federal Communications Commission. Mr. Ashworth further stated that Total would consent to a probationary period in conjunction with the issuance of a Certificate.

By its Application, Total requested to be regulated in a relaxed fashion similar to the regulatory treatment approved for AT&T in Docket No. 95-661-C. At the hearing, counsel for Total presented an agreement with the Consumer Advocate ("the Agreement") regarding the requested regulatory treatment. The Agreement provides that Total will keep the price caps in place in its tariff but allows that tariff filings for business service offerings, credit card services, operator services, private line services, and customer network offerings will be presumed valid upon filing. Further, the Agreement provides that the Commission may institute an investigation of a particular filing within seven (7) days of filing in which case the tariff filing will be suspended until further Order of the Commission.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Total is incorporated under the laws of the State of Texas and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Total operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Total has the experience, capability, and financial resources to provide the services as described in its Application.

4. Due to Total's history of prior regulatory problems in California and North Carolina, it is appropriate for the Commission to impose a probationary period on Total for its operations in South Carolina.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Total to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission. Said services shall be provided on a one-year probationary period, counted from the date of this Order. During this probationary period, Staff will closely monitor the operations and service of Total. At or near the end of this

one-year period this Commission will consider whether or not to allow Total to retain its authority on a permanent basis.

2. The Commission adopts a rate design for Total for its resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+," collect, and calling card calls, Total may not impose a fixed operator service charge which is more than the intrastate charge then currently approved for AT&T Communications of the Southern States, Inc. ("AT&T") and for the usage portion of the call, Total may not charge more than the intrastate rates charged by AT&T at the time such call is completed. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Total shall not adjust its rates, for either business or residential services, below the approved maximum level without notice to the Commission. With regard to adjustment to residential rates, Total shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No.

84-10-C (July 16, 1993).

With respect to business service offerings, credit card services, operator services, private line services, and customer network offerings, tariff filings will be presumed valid upon filing. If the Commission institutes an investigation of a particular filing within seven (7) days, then the tariff filing will be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Total also. Staff is instructed to monitor the Company using the same monitoring process and techniques as are used to monitor AT&T.

Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

4. Total shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Total is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an

end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Total shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Total changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Total shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Total shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. With regard to Total's debit card, or prepaid calling card, the Commission requires, as a condition of offering debit card services, the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one

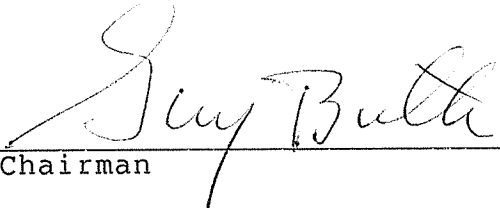
year.

11. If the Company sells its debit cards to retail establishments for resale of the debit card, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

12. Total shall, in compliance with Commission Regulations, designate and maintain an authorized utility representative who is prepared to discuss on a regulatory level, customer relations (complaint) matters, engineering operations, and tests and repairs. In addition, Total shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties, as well as for emergencies which occur during non-office hours. Total shall file with the Commission the names, addresses and telephone numbers of these representatives within ten (10) days of receipt of this Order. Further, Total shall promptly notify the Commission in writing if the representatives are replaced.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE
